REMARKS

In the Official Action mailed on **12/20/2007**, the Examiner reviewed claims 1-20. Claims 1-3, 5-13, and 15-20 were rejected under 35 U.S.C. § 103(a) based on Bauerle (US Pat. No. 4992942 A hereinafter "Bauerle") in view of Chadwick (US Pat No. 6853952 B hereinafter "Chadwick").

Rejections under 35 U.S.C. § 103(a)

Examiner rejected independent claim 1 and 11 as being unpatentable over Bauerle in view of Chadwick. Applicant respectfully disagrees. Neither Chadwick nor Baurle, either separately or in concert, discloses a simulation model that includes an **expected outcome** which is the **product** of a probability of an outcome and the utility function.

Applicant agrees with Examiner's assessment that Bauerle fails to explicitly disclose a simulation model that comprises a utility function that encodes profit and loss. As Examiner points out, Chadwick discloses a utility concept (Chadwick, C4:L45-68; C5:L1-15, and C10:L12-55), but "the value and cost computations of the present invention involves the mathematical integration or summation of probabilities of occurrence of difference outcomes (states) for a node in a probabilistic network [Chadwick, C19:L42-45]." Thus the probabilities of the nodes in the probabilistic network (Chadwick, C11:L1-51) disclosed by Chadwick are combined through **summation** and its continuous counterpart, **integration**, rather than multiplication.

Chadwick discloses two equations involving products (Chadwick, C21:L25;L51), but this product is **not** a product of probabilities and utilities. None of the quantities that are multiplied in the said equations are probabilities. In fact, all the values in the said equations are the **values** of nodes (some are, more

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precisely, changes in the values) in the probability network rather than the **probabilities** at those nodes. Thus the equations represent a functional combination of the values of nodes rather than an expected outcome, which combines probabilities with utilities.

In contrast, embodiments of the present invention teach a simulation model that includes an **expected outcome** which is the **product** of a probability of an outcome and the utility function (instant application, P3:L4-6; L11-14, P4:L20-30). This combination an agent to make decisions that maximize the expected outcome (instant application, P3:L16-17).

Nothing within Bauerle and Chadwick, either separately or suggests a a simulation model that includes an **expected outcome** which is the **product** of a probability of an outcome and the utility function.

Accordingly, Applicant has amended independent claims 1 and 11 to clarify that the simulation model includes a simulation model that includes an **expected outcome** which is the **product** of a probability of an outcome and the utility function.

These amendments find support in instant application, P3:L4-6; L11-14, P4:L20-30. No new matter has been added. Hence, Applicant respectfully submits that independent claims 1 and 11 as currently amended are in condition for allowance. Applicant also submits that claims 2-3 and 5-10, which depend upon claim 1, and claims 12-13 and claims 15-20, which depend upon claim 11, are for the same reasons in condition for allowance and for reasons of the unique combinations recited in such claims.

CONCLUSION

It is submitted that the present application is presently in form for allowance. Such action is respectfully requested.

Respectfully submitted,

By   _Mukesh Dalal_
Mukesh Dalal (inventor)

Armand Prieditis
Armand Prieditis (inventor)

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Mukesh Dalal
Armand Prieditis
Lookahead Decisions Inc.
2313 Bree Lane
Davis, CA 95616
Tel: (530) 852-0371
Email: prieditis@lookaheaddecisions.com